



# COMMONWEALTH OF VIRGINIA JOINT LEADERSHIP COUNCIL OF VETERANS SERVICE ORGANIZATIONS

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RICHMOND VA 23219

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Virginia Army/Air National  
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Virginia National Guard  
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Women Marines Association*

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## **Position Paper 2020-06 Microloans for Veterans Program (MVP)**

**OBJECTIVE:** To establish the Microloans for Veterans Program, through the Virginia Small Business Financing Authority's system of microloans, available solely to Virginia veteran entrepreneurs establishing business ventures based in Virginia.

### **BACKGROUND:**

- Entrepreneurship is the “third leg of the stool,” (along with Education and Employment) for Virginia veterans. It is a key for veterans and the New Virginia Economy.
- Current programs, such as the U.S. Small Business Administration's (SBA) Boots to Business program, Bunker Labs, Capital Post, and the Arsenal are focused on training and mentorship and businesses that are established and can provide proof of revenue. SBA loans can be almost impossible for veteran start-ups to access.
- The Virginia Small Business Financing Authority (VSBFA) is Virginia's business and economic development financing arm, providing financing for small businesses and economic growth in Virginia. The VSBFA already has the authority to administer microloan programs and are willing to administer a microloan for veteran entrepreneurs.

### **DISCUSSION:**

- MVP would place veteran entrepreneurs on a more equal footing with civilian entrepreneurs and encourage the growth of small businesses in Virginia.
- MVP sets up a public-private partnership between VSBFA, DVS, Virginia Community College System and private banks to assist veterans and incentivize veterans to complete financial education and business planning classes with lower interest rates (1-2% below market rate) and extended payback periods.
- The program would have two tiers –
  - a) Tier 1: Loan amounts up to \$10,000 through VSBFA; Requirements: Honorably discharged, minimum credit credentials, repayment and interest rate terms set by VSBFA, and a willingness to sign on to education and mentorship requirements, unless comparable credentials can be produced.
  - b) Tier 2: Loan amounts up to \$50,000 through Virginia banking institutions (such as V3 partners); Requirements: Successfully completed all education and mentorship requirements of Tier 1 and paid back the loan early or on time.
- The two tiered system minimizes risk, keeps state funds circulating more quickly and promotes successful small businesses in Virginia by providing a wide range of educational and support tools to the veterans.

### **RECOMMENDATION:**

That the Governor and General Assembly provide an appropriation in the amount of \$1,000,000 in FY20 and \$1,000,000 in FY21 for the Microloan for Veterans Program fund.